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MEMORANDUM FOR THE SECRETARY OF STATE ON THE DOMINICAN REPUBLIC.

PRESENT CONDITIONS OBSERVED DURING A RECENT VISIT—FINANCIAL SITUATION—HISTORICAL NOTES—AMERICAN INTERESTS—SOME SUGGESTIONS.

March 19, 1904.

The Dominican Republic is approaching—indeed, if it has not already reached—a state of anarchy. The Provisional Government of Morales controls only those cities which his forces occupy. His Government is probably growing stronger, but it does not dominate the country and can not guarantee security to life or property outside of the six or eight principal cities and their environments.

For weeks, bands of marauders, often owing allegiance to no cause and to no leader, save some small guerrilla chieftain, have taken up positions in the immediate vicinity of the capital and fired volleys from their Mausers into the streets and houses with fatal effect. Up to the middle of February Santo Domingo City was in a state of siege and has been in a state of siege much of the time during the last three months. During this period the house of the American chargé d'affaires on the outskirts of the town was pierced by twenty shells. Almost daily people are wounded or killed in the streets of the city by some guerrilla, who fires from the heavy underbrush across the river. Our naval vessels have been fired at upon more than one occasion by artillery and rifles. One noncommissioned officer was killed and an enlisted man received a Mauser bullet in his hat. The American chargé d'affaires says the killing was deliberate and done by the direction of one of the insurgent leaders, whose name he has. An American steamer, which a naval launch was escorting to her dock at Santo Domingo City, was struck by more than twenty rifle bullets, fired by the Jiminez faction.

The big sugar estates 15 miles above Santo Domingo City, on the river, have suffered greatly from depredations and reckless shooting on the part of the Jiminez followers and to some extent from the Government forces, though the latter propose to make good all the losses which they have caused.

The large and important American interests at and near San Pedro Macoris have been greatly damaged by being brought within the theater for fighting and plunder by roving bands. Americans have invested in this vicinity something more than $6,000,000 in the sugar industry alone. The total American investments in the Dominican Republic of an important and active sort are estimated to be worth about $20,000,000.

We found San Pedro Macoris, about 40 miles east of the capital on the coast, in the hands of an insurgent leader, who holds resolutely to it for the purpose of appropriating customs receipts. It has yielded him about $30,000 in the last ten days. General Morales proposes to capture this place, and in the fighting which will ensue it is probable that foreign interests will suffer severely.

The point which most gravely impresses the observer is that the so-called revolutionary movement headed by Jiminez is no longer controlled by him. It is controlled by no one. It is now largely carried on by independent country guerrilla leaders who owe allegiance to no one and pillage the country at will, and who apparently have just two ends in view—first, to live without work; second, to get possession, if possible, of a custom-house for the sake of disposing of its receipts. The frequent and sometimes bloody civil wars in the Dominican Republic are not the outgrowth of an honest difference of opinion or of a conflict of ideas or of the defense or assertion of some principle of policy of governmental action, but are shameless, sordid struggles for the privilege of controlling custom-houses and disposing of their revenues. The country is largely in the grasp of desperately selfish, irresponsible political brigands. Many of these guerrilla leaders are little better than savages as far as their ideas of property rights and the rights of those weaker than themselves are concerned.

This country has enjoyed so-called independence for about sixty years. During that period more than $100,000,000 has been collected in the aggregate by the various Governments, and there is nothing to show that even one-twentieth part of this amount has been expended for the benefit of the Republic or the people or for public improvements of any kind whatsoever. You may search the whole island in vain for a score of miles of good highways, for modern adequate sanitary equipment, for suitable buildings for educational purposes, or for anything which makes life better worth the living. This vast sum of money which has been taken from the people has been appropriated either for individual uses or wasted in unpatriotic, selfish civil war.

At Puerto Plata, where I spent one night ashore, they were expecting an early attack from guerrilla bands, which were then not

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more than 3 miles from the city. I was warned that I would probably have to leave my bedroom during the night and go to the cellar to escape the fire of Mauser bullets. This is one of the most important towns in the country, and from it a railway runs to Santiago, the chief commercial city of the Republic. This line of railway, 60 miles in length, is owned and operated by American citizens.

Puerto Plata is the home of President Morales. I made careful inquiries about him from many sources and find that he is considered an intelligent, well-meaning man—one who is believed to be honest, both in his public and private capacity. I had a long talk with his chief military supporter, General Cespesdes, governor of Puerto Plata, who is an earnest, energetic young man, and who believes implicitly in the patriotism of Morales and in his power to maintain himself. The American chargé d'affaires at Santo Domingo City shares this opinion of General Morales. I found in Puerto Plata a number of exceedingly well-informed and intelligent American citizens

At Sosua is situated the great banana plantation of the United Fruit Company, comprising some 20,000 acres, one-fourth of which is under cultivation and producing fruit. This large estate has its own railway service and employs 600 men Two battles have been fought upon it recently and the manager, Mr. Wetmore, told me he had to conceal his family in a hut in the woods for several days. Bullets were flying thickly about his house

At Santo Domingo City, owing to the fact that there had been fighting in the morning and that the insurgents were supposed to be occupying the woods across the narrow river opposite the capital, it was not believed to be safe or prudent to go ashore.

FOREIGN CONTROL OF CUSTOMS

I have heard the question of the future of the Dominican Republic discussed by men of all classes. The conservative, property-owning, and industrious people of the country, irrespective of nationality—foreigners and native alike—talk seriously and with evident favor of annexation to the United States. General Morales and the politicians of his following suggest, with much force, that peace of a permanent nature would be secured if the administration of the custom-houses of the country were undertaken by the Government of the United States. Foreign administration of the customs would put an end to the fight for control of customs by the natives, for the good reason that it would remove the incentive to conflict, and for the additional reason that it would make impossible the importation of arms. If the United States controlled the custom-houses there

would be nothing for the revolutionists to fight for. The agricultural element in the population probably would favor this, and all classes would, I think, save the rather small contingent of military political freebooters who have nothing to lose and much to gain by maintaining a state of anarchy in the country.

If the Government of the Dominican Republic surrendered the administration of its fiscal department to the United States it would then be relieved of the necessity of fighting for the custom-houses and could concentrate all its military energies upon maintaining peace in the interior. General Morales is willing and even desirous of making some such arrangement with this country, and, in connection with it, giving us a long lease of Samana Bay, for which he would expect to receive a cash money consideration. He would probably be satisfied with $100,000 in hand and $150,000 paid in half a dozen annual installments. Morales would also agree to a supervision by us of public expenditures. Custom-house receipts should in the first year be more than sufficient to pay the annual budget of the Government and the interest upon all of its foreign debt. Any surplus remaining should at once be expended for the purpose of building roads and highways, which would give employment to many of the people who are now engaged in the business of revolution. I am informed upon highly competent authority that the common soldiers would be glad of an opportunity to earn 75 cents per day at roadmaking, and that the officers would be glad of employment as superintendents and timekeepers. The building of good highways is one of the most pressing needs of the country.

The Dominican Republic is, to my mind and in the opinion of those who know more of it than I do, the most attractive, fertile, salubrious spot of all the West Indian Islands. It has a wonderful diversity of climate, soil, and altitude, adapted to the production of all manner of fruits, vegetables, grains, and grasses. It produces excellent cattle. The altitudes vary from sea level to heights of more than 10,000 feet. It is an uncommonly well-watered country. It has a sufficient number of good harbors and a climate, especially along the north coast, ideal. The beauty of the scenery is unsurpassed.

FINANCIAL SITUATION.

In the consideration of the present situation in the Dominican Republic, and of the possibilities of international complications regarding it, one of the most important elements to be taken into account is that of foreign debts and claims.

The bonded indebtedness of the Dominican Republic now outstanding is as follows:

Unified 4 per cent scrip and French-American reclamation consuls (4 per cent)	£1,148,600
Obligations Or de St. Domingue, 2¾ per cent	2,736,750
Total amount of Dominican debt	3,885,350

The "obligations Or de St. Domingue," 2¾ per cent, are held chiefly in Belgium—say, to the amount of £2,000,000. A considerable number are held in Holland, scattering amounts in Germany and France, and about £25,000 in England.

Of the £1,148,600 of 4 per cent scrip and bonds, about £825,000 to £850,000 are held in the United States and in England; the remainder in France. Of the amount held in England and the United States, not exceeding £150,000 are owned in England; the remainder, about £700,000, are owned in the United States, but a considerable portion is pledged to creditors in England.

The bonds owned in America are those of the San Domingo Improvement Company and its allies, and such of these bonds as are pledged in England are pledged to friends of that company, with very few exceptions. All the bonds held in England, whether owned there or only pledged, are represented by the Council of Foreign Bondholders, who are acting in entire harmony with the Improvement Company.

The total indebtedness of the Dominican Republic will not be less than $35,000,000.

As to the disposition of the bondholders outside of the United States and the attitude and probable intentions of their governments, there may be mentioned the following facts:

In December, 1901, the Council of Foreign Bondholders, in London, applied to the British Government to instruct Lord Pauncefote to enter into communication with the United States Government with the object of taking joint action, so as to put pressure on the Dominican Government to come to an immediate arrangement with the San Domingo Improvement Company, under which the rights of the English bondholders, which the company represented, would be adequately protected. It was understood that the Council of Foreign Bondholders took this step in the belief that the Government of the United States, as proved to be the case, was disposed to take proper action in behalf of its citizens; but it is also understood that the council would have asked the British Government to protect the interests of British subjects independently, in case the United States had failed to act.

The British consul in Santo Domingo, early in 1902, was instructed by his Government to cooperate with the chargé d'affaires of the United States, and a copy or the purport of these instructions was communicated by the consul to the Dominican Government.

As the result of the interposition of the United States, which was followed by a long negotiation, a protocol was concluded between the two Governments January 31, 1903, under which the claims of the San Domingo Improvement Company and its allies were settled for the sum of $4,500,000, to be paid in annual installments, the amount of which was to be determined by arbitration. The board of arbitration has been organized, but all the monthly sums which the Dominican Government agreed to pay pending the arbitration remain in default except the first, which was for January, 1903.

Since the signature of the protocol of January 31, 1903, the Council of Foreign Bondholders has been resting in reliance upon the successful issue of the interposition of the United States. The attitude of the council remains unchanged.

The interests of the bondholders on the continent of Europe are represented by two associations. One of these is the Association for the Protection of the Holders of Public Securities (Comité de Défense des Porteurs de Rentes Dominicaines), with headquarters at Antwerp and a branch at Brussels. Of this association there is a special committee devoted to the interests of the holders of Dominican securities.

The other association is known as the National Association of French Holders of Foreign Securities (Association Nationale des Porteurs Francais de Valeurs Etrangères), and it also has a special committee charged with the interests of the French holders of the Dominican debt.

These associations, representing the 2¾ per cent bonds and such of the 4 per cent bonds as were held in France, entered, in June, 1901, into a contract with the Dominican Government, under which they accepted, in lieu of the general security, a special security, during the life of the contract, of 15 per cent of the Dominican revenues, equal to not less than $300,000 per annum, specially secured upon the customs revenues of Santo Domingo City, and, in case of need, those of Macoris, and no others.

Considerable sums were paid under this contract, although irregularly. The interest and disposition of the French Government in the matter was exhibited in June last, when the French ambassador at Washington, on the 8th day of that month, addressed to the Secretary of State a note, hereto annexed as Exhibit B, officially calling attention to the interests of French citizens under the French-Belgian contract of 1901, and reserving their rights under that con-

tract as against any possible award that might be rendered under the protocol between the United States and the Dominican Republic of January 31, 1903.

FRENCH INTERVENTION.

Still later, in September of last year, the French chargé d'affaires in Santo Domingo successfully intervened in order temporarily to divert the moneys that were being paid on the interior floating debt to the payment of the sums due under the French-Belgian contract of 1901. It may also be pointed out that under the contract the French and Belgian bondholders have special representatives in Santo Domingo with important powers in respect to the customhouses; and it was in support of the demands of such representatives that the French chargé d'affaires intervened.

Special attention may here be directed to a circular, a translation of which is annexed as Exhibit C, which was issued by the Association of French Holders February 12, 1903. It appears that at the request of that association the French Minister of Foreign Affairs, recognizing and supporting the French-Belgian contract of 1901, authorized an official of the Ministry of Foreign Affairs, M. Maurice Charpentier, to accept the post of delegate under that contract for the French bondholders. He is still in Santo Domingo acting as such delegate.

In his No. 626, of October 29, 1903, Mr. Powell reported that Mr. Renoz, the Belgian chargé d'affaires, had called upon him in order to learn whether they could not agree upon some plan that would insure the payment of foreign creditors. Mr. Renoz represented that the payments due to Belgian bondholders under the contract of 1901 were in arrears to the amount of more than $500,000, and that while Belgium could not physically enforce payment, she might, if she had the moral support of the United States, obtain what was due. He therefore proposed that the creditor nations should propose to the Dominican Government to take charge of the customhouses and collect and administer the revenues. His plan was that this should be done by means of an international commission, on which the United States, France, and Belgium should each be represented by one member. When Mr. Powell inquired as to how the customs administration should be conducted, Mr. Renoz replied that the official force might remain as it was, but that it might be required to make returns to the commission instead of to the Dominican Government. Mr. Powell expressed the opinion that such an arrangement would not be satisfactory, since it would not prevent peculation; that the whole personnel of the customs service would have to be changed; and that in order to assure effective service the

chief officer at each port would have to be appointed by the commission, and should be a foreigner. Mr. Renoz replied that the details could be easily arranged if the United States would assent to the plan. In concluding their conference, each minister stated that he would bring the matter to the attention of his Government.

It is, however, to be observed that the possibilities of early complications in the Dominican Republic are by no means confined to the interests of the bondholders. The conditions of disorder that have prevailed during the past three years have given rise to very extensive claims on the part of citizens and subjects of various foreign powers. Most of these claims were liquidated in June, 1902, being then funded under two contracts, by which the creditors, as a special security for the payment of their demands, were empowered directly to collect 10 per cent of the revenues. The foreign claims thus funded were as follows:

Italian citizens	$1,613,023.61
German citizens	485,655.81
American citizens	396,944.81
Porto Rican citizens	78,845.23
Dutch citizens	13,590.60
English citizens	23,131.85

In addition to the foregoing claims there is also a claim for $196,534, in which a German and a Spanish interest are blended, and which is guaranteed and means of payment provided by an international agreement between the German and Spanish consuls on the one part and the Dominican Government on the other.

There are, besides, other liquidated and unliquidated claims, American and foreign, amounting to considerable sums. Some of these have already been liquidated, and among them claims of Italian subjects amounting to $379,312.78.

PRESENT CONDITIONS.

Among the liquidated and unliquidated debts, there are loans contracted by Governments and loans contracted by revolutionists, the latter class having been legitimized by the borrowers when they succeeded and became the Government themselves. The loans to Governments have often been obtained by them for the purpose of resisting or buying off revolutionary attempts. A certain portion, perhaps much less than half, has been incurred for entirely proper purposes. It should also be observed that a very large percentage, both of the liquidated and the unliquidated floating debts, is made up of accumulated interest, sometimes running as high as 1½ or even 2 per cent a month, compounded monthly, amounting, with commissions and bonuses, in many cases to as much as the cash actually furnished.

As an illustration of present financial conditions and management, the fact may be mentioned that from May 1, 1900, to May 31, 1903, there was actually appropriated in the budget, calculated upon the basis of income and of peace: For agriculture, $15,240, all of which went for salaries; for public instruction, $101,749; for public works, $69,793; for war purposes, $1,183,202. No appropriations were provided for the contingency of actual warfare or revolution. The additional sums expended to put down revolutions are conjectural, as no accounts have been published except for the period from May 1, 1902, to March 31, 1903. The accounts for this period show an income of $1,700,576 and an expenditure for "war purposes" of $241,206, for "two revolutions" of $138,113, and for "extraordinary expenses," the nature of which is not specified, of $271,507. Assuming the $241,206 for "war purposes" to be sums appropriated by the budget, the "revolutionary" and "extraordinary" expenditures, not provided for in the budget, amounted to $409,620, which doubtless was met by diversion of the moneys appropriated to the foreign indebtedness, the payment of which fell into neglect.

Among recent foreign demands, there are also accumulated French claims for repeated injuries, during the several revolutions in the Dominican Republic since 1899, to the telegraph lines owned by the French Cable Company. Notice of these demands was given to the United States by the French ambassador in his note of June 8, 1903.

All the claims here referred to, both liquidated and unliquidated, have arisen since the creation of the bonded indebtedness.

It should be pointed out that practically all the great industrial and commercial interests of the country, as distinct from elementary agriculture, are owned or controlled by foreigners. The sugar estates are owned by Americans and Italians. Extensive banana plantations are owned by Americans. Of the two completed railroads, one is owned by British subjects, while the other is operated under a long lease by an American company, an ally of the San Domingo Improvement Company, of New York. Yet another railroad is under construction by an American company. The exportation of woods is chiefly in the hands of Americans. The oil fields of Azua are being developed by an American company. The wharf privileges of three of the principal ports are owned by foreigners—Americans and Italians. Four great commercial houses are owned or controlled by Germans, and one by Italians.

SANTO DOMINGO—HISTORY, AND SOME RECENT EVENTS

The Spanish term Santo Domingo, or the English form San Domingo, is now usually applied to that part of the ancient island of Hispaniola which is embraced within the Dominican Republic, the

rest of the island being occupied by the Republic of Haiti. In 1822 the people of the eastern, or Spanish, portion of the island were subdued by the people of the western, or French, portion, called the Haitians; but in 1844 the former reasserted their independence and set up a Government under the title of the Dominican Republic.

In December, 1844, the Dominican Republic, which was then still at war with Haiti, sent an agent—Señor Caminero—to the United States to solicit the recognition of its independence. In the following year Mr. John Hogan, of New York, was sent out as a special commissioner to make an investigation and to report on the question whether the Dominican Government should be recognized.

Mr. Hogan's report was on the whole favorable to recognition, but recognition was not granted; and subsequently, in 1849 and 1850, the Governments of the United States and Great Britain jointly intervened for the purpose of bringing an end to the war between the Haitians and the Dominicans, on the basis of the latter's independence.

The independence of the Dominican Republic was established, but the United States did not enter into formal diplomatic relations with the Government until 1862.

Meanwhile, the United States had in various ways manifested a special interest in the Dominican Republic. In 1854 Captain (afterward General) George B. McClellan was sent out by the Secretary of War to examine the harbors in the country, with a view to the establishment of a coaling station. He reported that the best harbors in the Republic were those of Samana Bay, Manzanilla, and Ocoa. He strongly recommended the acquisition of Samana Bay, together with the whole peninsula and the adjacent keys, if possible. The bay of Samana is, as Captain McClellan reported, almost directly in the route of vessels using the Mona passage, the most important eastern avenue to the Caribbean Sea, whose importance will be immensely enhanced by the opening of a canal between the Atlantic and the Pacific at Panama.

A treaty between the United States and the Dominican Republic was signed at Santo Domingo City on October 5, 1854, but it was subsequently amended by the Dominican Congress and the ratifications were not exchanged. During the negotiations the Dominican plenipotentiaries agreed to insert an article for the purpose of granting a coaling station to the United States in Samana Bay, but they were afterwards induced to omit it because of the opposition of the representatives of certain European powers. On October 5, 1855, instructions were given by Mr. Marcy, Secretary of State, to a special agent of the United States to negotiate a new treaty, and if possible

to induce the Dominican Government to agree to such an article as its representatives had withdrawn in the previous negotiations.

In 1861 the Government of Spain, taking advantage of the situation in the United States, reannexed Santo Domingo. The United States strongly protested against this act, but under the circumstances the protest was disregarded. The Dominicans, however, were opposed to the action of Spain and resisted it, and in their resistance were aided by Haiti. In April, 1865, the Spanish Cortez passed a law for the abandonment of Santo Domingo and this law was signed by the Queen of Spain on the 30th of that month.

The events that had taken place in Santo Domingo, together with the experience during the civil war of the serious disadvantages resulting from a lack of naval facilities, led Mr. Seward in 1866 to renew the effort to establish a naval station in Santo Domingo. To that end he instructed Mr. F. W. Seward, Assistant Secretary of State, on December 17, 1866, to proceed to that country as a special envoy with full power to conclude a convention with the Dominican Republic for the cession or lease of the requisite territory to the United States. It was expected that the cession, if made, would be in full sovereignty; but if this could not be effected, it was stated that a lease for a term of thirty years would be accepted. In his instructions of December 17, 1866, Mr. Seward said:

> During the Administration of General Pierce an offer was made to obtain a lease of land on the Bay of Samana as a coal station for passenger and naval steamers, and an army engineer was sent thither in a vessel of war for the purpose of selecting a site. Unfortunately, the survey was prematurely made before any arrangement had been concluded with that Government on the subject. The desire of the United States having become known to the representatives of some foreign states in that quarter, they had influence enough to thwart our plans. The late intervention of Spain in the Dominican Republic had its motive in a jealousy of our desires for a naval station in Samana. It could not be expected that the proposition now under consideration will succeed, unless caution, secrecy, and dispatch shall be observed in carrying it into effect. * * * Vice-Admiral Porter of the Navy will accompany you.

Mr. F. W. Seward, when he arrived in Santo Domingo, entered into relations with the Dominican authorities and discussed with them the propositions which he was authorized to make, but no conclusion was then reached. Mr. Seward soon returned to the United States, and his powers were transferred to Mr. Smith, commercial agent of the United States at Santo Domingo City.

In 1868 President Baez and his confidential minister, Mr. Felix Delmonte, confidentially proposed to Mr. Smith in substance that, in view of the condition of things then existing in Santo Domingo, the President of the United States should immediately publish a declaration placing the Dominican Republic under the protection of

the United States, and should send vessels of war to take possession of Samana and Manzanilla bays and of any other points that military strategy might indicate. Mr. Seward replied that the President did not consider himself empowered to take such a step, but that the subject was a very important one and would be submitted to Congress at the next session.

EARLY TALK OF ANNEXATION.

The subject was presented to Congress in the President's annual message of December 9, 1868, in the following terms:

> Comprehensive national policy would seem to sanction the acquisition and incorporation into our Federal Union of the several adjacent continental and insular communities as speedily as it can be done peacefully, lawfully, and without any violation of national justice, faith, or honor. Foreign possession or control of these communities has hitherto hindered the growth and impaired the influence of the United States. Chronic revolution and anarchy there would be equally injurious. * * * It can not be long before it will become necessary for this Government to lend some effective aid to the solution of the political and social problems which are continually kept before the world by the two Republics of the island of Santo Domingo, and which are now disclosing themselves more distinctly than heretofore in the island of Cuba. The subject is commended to your consideration with all the more earnestness because I am satisfied that the time has arrived when even so direct a proceeding as a proposition for an annexation of the two Republics of the island of Santo Domingo would not only receive the consent of the people interested, but would also give satisfaction to all other foreign nations.

In a letter to Mr. Banks, of the House of Representatives, of January 29, 1869, Mr. Seward said that the opinion expressed by the President that the Republics of Haiti and Santo Domingo were not unprepared for a direct proposition of annexation was inferred from the nature of the propositions which had been received from the Dominican Republic before the meeting of Congress, but that within the week then current a trustworthy and confidential proposal had come from the Dominican Republic for immediate annexation; that this proposal waived all preliminary stipulations and addressed itself simply to the discretion and friendship of the United States; and that an agent from the Dominican Republic awaited the action of the Government.

This correspondence was followed by the introduction by Mr. Orth in the House of Representatives of a joint resolution for the admission of the Dominican Republic, on the application of its people and Government, into the Union as a Territory of the United States, with a view to ultimate statehood. The resolution was not accompanied by a report, but Mr. Orth said that it "had the approbation of a large majority of the Committee on Foreign Affairs." Upon his insisting upon the previous question, the resolution was laid on the table by a vote of 110 to 63.

In July, 1869, General Babcock was sent by President Grant to Santo Domingo to obtain information. General Babcock, who bore instructions to that effect from Mr. Fish, sailed from New York July 17, 1869. On the 4th of September he signed with Mr. Gautier, the Dominican Secretary of State, a protocol containing certain articles which were to serve as the basis for a definite treaty of annexation. General Babcock then returned to the United States. On November 16, 1869, he was instructed to return to Santo Domingo with a draft of a treaty of annexation and also of a convention for the lease of Samana Bay. The treaty and convention were to be concluded by Mr. Perry, United States commercial agent at Santo Domingo City, who was to act under General Babcock's advice. Both the treaty and the convention were signed November 29, 1869. They were communicated to the Senate January 10, 1870. The treaty of annexation, when brought to a vote, failed to receive the requisite two-thirds majority. The vote stood 28 to 28. The convention also failed.

In his annual message of December 5, 1870, President Grant, referring to the failure of the treaty, said that he was thoroughly convinced at the time that the best interests of the country, commercially and materially, demanded its ratification, and that subsequent reflection had confirmed him in this view.

Under a joint resolution of Congress approved January 12, 1871, President Grant appointed a commission to proceed to Santo Domingo and report upon its political and social condition and as to the disposition of the people on the question of annexation. The members of the commission were Benjamin F. Wade, of Ohio; Andrew D. White, of New York; and Samuel G. Howe, of Massachusetts. The commission visited the island, examined its resources, and sustained by its report the policy recommended by President Grant. In communicating the report to Congress President Grant, referring to certain personal features of the opposition that had led to the failure of the treaty, said:

> The mere rejection by the Senate of a treaty negotiated by the President only indicates a difference of opinion among different departments of the Government, without touching the character or wounding the pride of either. But when such rejection takes place simultaneously with the charges openly made of corruption on the part of the President, or of those employed by him, the case is different. Indeed, in such case, the honor of the nation demands investigation. This has been accomplished by the report of the commissioners, herewith transmitted, and which fully vindicates the purity of motives and action of those who represented the United States in the negotiation. And now my task is finished, and with it ends all personal solicitude on the subject.

These remarks of the President were understood to refer to a speech made by Mr. Sumner when the resolution for the appointment of the commission was pending before the Senate. President Grant did not further urge the annexation of the Dominican Republic upon Congress; but in his last annual message of December 5, 1876, he reiterated his adherence to the views on which he had originally acted and which he had presented to Congress in 1870 and 1871.

It is understood that certain negotiations were conducted through Mr. Durham, American chargé d'affaires, in 1892, for the acquisition of Samana Bay by the United States, but there is little record of them in the Department.

REVOLUTIONS.

It is needless to enter into the details of the revolutions that have taken place in the Dominican Republic since the establishment of its independence. For the understanding of the present situation it suffices to go back to 1898. In May of that year an expedition left the United States on the steamer *Fanita*, ostensibly to aid the Cuban insurgents. As the United States was then at war with Spain, the expedition is understood to have had the support and active aid of the United States Government for the purpose named. The expedition, however, did not go to Cuba. Its nominal commander, "Captain Rodriguez," turned out to be Señor J. I. Jiminez, a Dominican, and its destination the port of Monte Christi, in the Dominican Republic. With Jiminez was associated Gen. Augustin Morales. They landed at Monte Christi, where most of them were shot. Jiminez himself escaped and fled. Jiminez subsequently renewed his revolutionary schemes; and on July 26, 1899, President Heureaux was assassinated. A few days later Señor Ramon Caceres, who had shot him, and Gen. Horacio Vasquez, acting with certain other persons, started a revolution. The revolution spread in the interior of the island, and on August 29, 1899, General Vasquez was proclaimed by a committee of citizens as President of a Provisional Government at Santiago. On the assassination of Heureaux, Vice-President Figuereo had assumed the Presidency of the regular Government at Santo Domingo City; but on August 30, 1899, he resigned, and on the following day the members of the Cabinet abandoned their positions. The forces of General Vasquez entered the capital on the 5th of September, and he then became the head of a Provisional Government, which was afterwards recognized by foreign powers.

The Government of General Vasquez continued till November 20, 1899, when Señor J. I. Jiminez succeeded him as "Constitutional," or Elective, President, with General Vasquez as Vice-President. Señor Caceres was appointed governor of Santiago.

The Government of Jiminez lasted till May 2, 1902, when, after a severe struggle, it was overthrown as the result of a revolution headed by General Vasquez, Vice-President, who then became President of another Provisional Government.

In October, 1902, local outbreaks began to take place, and they continued till March, 1903, when an independent revolutionary movement was started at the capital under the lead of Gen. Alejandro Wos y Gil, who, on April 18, 1903, himself became the President of a new Provisional Government. Before this revolution took place General Vasquez had called an election, but the revolution prevented it from being held. General Wos y Gil, after his installation, also called an election, and in due course he was chosen "Constitutional" President to succeed himself as Provisional President.

Among the causes of the revolution against General Vasquez, as narrated by Mr. Powell, American chargé d'affaires, in a dispatch of January 14, 1903, was the refusal of General Vasquez, who seemed desirous of placing the country in a better condition and of preventing a wholesale pilfering of public funds, to continue the monthly stipends of a number of men termed "chiefs" in their districts, who filled no public office nor performed any public work, but who, besides keeping the President informed of any discontent prevailing in their sections, were expected, in case of an insurrection, to marshal their friends and fight on the President's side. This practice, according to Mr. Powell, originated with General Heureaux, and reached during his Administration an abnormal development, so that there were several hundred such men in his pay. The practice had been largely continued by Jiminez. General Vasquez sought to restrict if not to abolish it.

LATER EVENTS.

On August 31, 1903, the Secretary of Foreign Relations of the Government of General Wos y Gil submitted to the Dominican Congress a project for the neutralization of the territorial waters of the Republic and the establishment of free ports at Samana and Manzanilla. The substance of this project, the professed design of which was to prevent the acquisition of special privileges by any nation, was as follows:

1. To decree without delay the absolute neutralization of the waters, bays, ports, and harbors of the Dominican Republic, with the exception of the right to defend the coast with the land and naval forces of the Republic in case of foreign attack or aggressions.

2. To declare the bays of Samana and Manzanilla to be, in their outer parts, free resorts, open to the vessels of all commercial nations, the Government reserving to itself the inner parts for the establishment of customs regulations.

3. To declare that the Dominican Republic would erect wharves, stationary or floating docks, shipyards, warehouses, and other structures necessary and adequate

for the anchorage, repair, docking, and traffic of vessels in the waters of the two bays above mentioned, and would organize administrative services therein for moderate compensation.

4. To authorize the Executive Power to conduct negotiations and financial operations necessary to obtain by a loan the funds for such purposes.

5. As a security for the payment of this loan to apply, among other things, the probable proceeds of the contracts of peaceful use and enjoyment of the resorts in question, as well as the proceeds derived from concessions for locations upon their shores for commercial and industrial purposes.

In consequence of the protest of Mr. Powell, the American chargé d'affaires at Santo Domingo City, this project was withdrawn from the Congress.

On October 26, 1903, Mr. Powell reported that the governor of Puerto Plata, Señor Carlos F. Morales, had pronounced against the Government of General Wos y Gil, and that that district was again in insurrection. The movement, said Mr. Powell, appeared to be in favor of Jiminez, the late President, and if it should succeed would not bring peace to the country, as the Vasquez party would not accept as President either Jiminez or any person named by him, nor would Jiminez accept either Vasquez or a member of his party. There were then three parties—the Wos y Gil, or Government, party, the Jiminez party, and the Vasquez party. General Deschamps, the Vice-President, on learning of the revolutionary movement, had left Santiago for Puerto Plata.

On October 30, 1903, Mr. Powell reported that the Government, immediately after the breaking out of the insurrection at Puerto Plata, sent both of its naval vessels to that place with troops, under the command of the Minister of War. On his arrival the Minister of War demanded the surrender of the place on pain of bombardment. He remained there two days, and then left for Samana Bay without having executed his threat. The only result of his visit was that he prevented the Clyde steamer *Cherokee*, as well as a Cuban steamer, from entering either Puerto Plata or Samana, a shot having been fired across the bow of each vessel as a warning not to enter. Barricades were then being thrown up at the entrances of Santo Domingo City, where an attack was expected.

Writing on November 4, 1903, Mr. Powell reported that the position of the Government of Wos y Gil was growing weaker, but that the state of affairs would not be improved if the insurgents should win, since there would within four months be another revolution, for the same reason that had brought the existing one about—namely, the desire to obtain control of the customs revenues.

On November 6, 1903, Mr. Powell reported that Macoris, where there were large American interests, had been bombarded by a Dominican vessel of war.

On the 7th of November the insurgents reached Santo Domingo City and began an attack by throwing shells into it.

On the 11th of November Mr. Powell reported that there were then two German men-of-war at Santo Domingo City—the *Panther* and the *Gazelle*—and that an Italian and a French vessel were expected immediately.

On the 25th of November, after repeated attacks, Santo Domingo City was surrendered to the revolutionists under the lead of Morales. The guards placed by the foreign naval forces around the legations and consulates of their governments were withdrawn. It was agreed that an election for President should be held; but Mr. Powell expressed the opinion that if Jiminez should be elected another revolution would break out within three months after his taking the oath of office, and that the same thing would happen if a strong partisan of General Vasquez should be elected. If a new man should be chosen who would command the support of all factions he might be able to maintain peace if he could improve the financial situation; but if he could not a revolution would again occur. The present revolution, said Mr. Powell, had cost the country nearly $700,000, and the new Government came in with an empty treasury and with all the resources of the country mortgaged and with no means of obtaining funds. "As it stands to-day," he said, "the country is virtually bankrupt, and this condition, as I have stated in a former communication to the Department, implies danger to our Government, as foreign creditors will demand payment of their claims, which demand will be enforced by the guns of foreign naval vessels. At the same time our citizens will make a like demand. This is the grave danger which confronts us, and it will demand the wisest statesmanship to avert it."

RENEWED DISTURBANCES.

On December 4, 1903, Mr. Powell reported that the political situation was still disturbed. The Provisional Government of Morales was in full control, but there were signs of unrest. The adherents of Jiminez desired to elect him as President, while the adherents of General Vasquez seemed to favor General Morales, although he had previously been a revolutionary adherent of Jiminez. Since the advent of the new Government, disturbances had occurred at Monte Christi, Samana, La Vega, Azua, and Barahona, but had been suppressed. In all those places there were many partisans of Jiminez. The Government had issued a decree declaring that all guaranties were suspended and that customs revenues must all be paid in cash. The merchants had objected and had notified the Government that if this decree were enforced they would not import

any goods. It was probable that a compromise would be reached. There was much firing in the streets at night, in which many persons had been killed, so that it was unsafe to go out after dark.

On the 12th of December, Mr. Powell reported that Jiminez was at Monte Christi with a number of his adherents, and that it was supposed that he would within a few days organize another revolution. Morales was preparing for the conflict.

December 15 Mr. Powell wrote that a member of the Government had inquired whether the United States would lend or advance it money. He had replied that the Government of the United States could not advance any money without the consent of Congress, and that it would therefore be useless to appeal to it.

The situation in the Dominican Republic in December, 1903, is vividly set forth in a letter addressed by an American citizen, Mr. W. L. Bass—the largest sugar planter at San Pedro de Macoris—to Mr. Powell on the 12th of that month, and communicated by Mr. Powell to the Department of State with his No. 688, of the 14th of December last. A copy of this letter is hereto annexed, marked Exhibit A.

December 15, 1903, Mr. Powell reported that the Dominican Republic was in the throes of another revolution, which bade fair to be serious. He had previously expressed the opinion that another revolution was impending, but he did not think it would occur before March. The new attempt was started by friends of Señor Jiminez, whom the Vasquez party joined Morales in resisting. A fight had taken place at Santiago, where several of the Jiminez party were killed. An attempt had been made to kidnap General Morales, the President of the Provisional Government, but had failed. Arrests had been made and the situation was critical. Subsequently General Rodriguez, governor of Macoris, "pronounced" in favor of Jiminez. The followers of Morales at that place then took up arms in order to force the governor out. Mr. Powell states that there are large American investments in sugar estates at Macoris, amounting to $500,000. The people about Macoris were said to have turned from Morales to Jiminez because the forces of the former were without ammunition.

Similar conditions of disorder have continued to exist and questions have continually arisen as to blockades, bombardments, and other military measures.

THE CUSTOM HOUSES.

Since my return to Washington I have received the following letter from Mr. Powell:

LEGATION OF THE UNITED STATES,
Santo Domingo City, D. R., March 5, 1904.

Hon. FRANCIS B. LOOMIS,
Assistant Secretary of State, Washington, D. C.

SIR: Since my informal interview with you on the *Mayflower* I have hastily secured an approximate estimate of the cost in carrying into execution the administration of the customs service.

CUSTOMS REVENUE.

At the present time no authentic figures can be given as to what the customs revenue for the past year has been, but from figures at hand, during the last year of the Improvement Company, under the direction of the Hon. J. T. Abbott, the customs revenue was greater than that of any preceding or subsequent period, closely approaching $2,500,000. This was mainly due to the judicial management and retrenchment instituted by Judge Abbott, though at the time there were many high-priced officials, which, if the same service should pass under the control of our Government, it would not have.

TARIFF.

In the first place I would suggest a new arrangement of the tariff. The present one was made several years ago and was based on the currency then in use, which was almost exclusively paper. This tariff could easily bear a reduction of 20 per cent from its present figures and be made to return a much larger revenue, and by a strict espionage of imports the customs revenue within a few years would increase from, say, $2,600,000 to $4,500,000 or $5,500,000. Under a reduced tariff there would be a larger consumption of goods, and as these people almost exclusively buy in our market we would be the gainers and with a strict customs law governing all imports all smuggling that now takes place would end.

In this connection it would be wise to remove all export duty, as it would be an incentive to stimulate the people to enter actively into agricultural pursuits, which would have for its object the ending of all revolutions in the interior. This step would increase agricultural products, which would find their market in the United States and which would also mean increased purchases in our market. This is one side of the case.

The other side is, it would be impossible for any dissatisfied or ambitious person to start a revolution; would do away with what is known as the jefes, or petty chiefs, that the Government has constantly to pay annually to keep them quiet. Under this changed condition all this will be done away with and within two or three years after there will be a marked change in every respect in both Government and people.

The cost that would accrue to the Government, which would be charged to the collection of the customs revenue, would be about $57,000, possibly a little more, and would be divided as follows:

Santo Domingo	$15,500
Puerto Plata	15,500
Sanchez	7,260
Macoris	7,260
Samana	3,814
Monte Christi	3,814
Azua	3,814

The necessary force to collect this revenue would be:

Description.	Month.	Year.	Two years.
Santo Domingo and Puerto Plata.			
Director of customs	$300	$3,600	$7,200
Assistant director	125	1,500	3,000
Interpreter	100	1,200	2,400
5 clerks	75	6,300	12,600
2 watchmen	60	1,440	2,880
3 laborers	40	1,440	2,880
Miscellaneous expenses		20	40
Sanchez and Macoris.			
Director	200	2,400	4,800
Assistant director	100	1,200	2,400
Interpreter	75	900	1,800
2 clerks	60	1,440	2,880
Watchman	50	600	1,200
2 laborers	30	720	1,440
Samana, Monte Christi, and Azua.			
Director	75	900	2,700
3 assistant directors	60	720	2,160
3 interpreters	60	720	2,160
3 clerks	50	600	1,800
3 watchmen	40	480	1,440
3 laborers	30	360	1,180

The ports of Santo Domingo, Puerto Plata, Sanchez, and Macoris may be termed giving ports—that is, the revenue received from them is such as to make them the main ports of the country—while the ports of Monte Christi, Samana, and Azua are known as the receiving ports—that is, the revenue received is not sufficient to maintain the Government at the place named, the Government having to make up the deficiency.

I would suggest in this connection that the ports of Romana and Barahona be closed. The first is used for exporting crude petroleum; the latter, woods, etc. But both of the places are used largely by those who are endeavoring to evade paying duty.

During the time the Improvement Company controlled the customs revenue their expenses for officers were $30,000; for other employees, about $45,000; or, all told, about $75,000. Under the above schedule there would be a saving of $18,000.

In giving these figures, I am making them so that those who have the greatest responsibility shall receive remunerative salaries, as the cost of living here is calculated on a gold basis and is much higher than in the United States.

BUDGET.

I stated that the budget during the Vasquez Administration was about $2,000,000; I have since learned that it was $1,600,000. This could be reduced $100,000, as the Government would not have to pay the jefes that I have already mentioned; would not have to maintain a large standing army, nor maintain a navy, as, in the first place, in the cities there could be organized a strong police force; in the country districts, a rural guard, as in Cuba, to maintain order and surpress all attempts at revolution.

As there would be a naval vessel stationed at the principal ports, they would have no use for a navy of their own.

At each place where there is a custom-house, for the first one or two years a marine guard of about 100 men or 700 men in all would have to be stationed. This would only have to be maintained for a limited time until the Government got control of the situation and the people had become acquainted with the change of affairs.

IMPROVEMENTS.

Under this changed condition emigration would be directed here, roads would be built between inland towns, and railroads would connect all parts of the Republic. This of itself would develop the rich resources of the country, such as its valuable timber; would open up the mineral deposits of the country to an extent that at the present time one can not imagine, and restore the Republic to the condition of its early days when it was under the control of Spain.

Most of this mineral wealth remains undiscovered as well as undeveloped; all that is needed is a stable government that will invite and not deter capital.

The Republic's petroleum wells are among the finest in the world, but they have remained in a state of nature simply because no one can feel safe to invest capital in their development in a country where revolution is ripe at any moment.

PAYMENT OF THE NATIONAL DEBT.

As I have stated to you, it is our duty to protect these people whether we like to do so or not; it is pressing upon us daily. If we do not, some country, when we least expect it or when we are the least prepared to resist it, will contest our right. Foreign governments will not resist much longer the pleas of their citizens for payment of claims already accepted and which the Government has agreed to pay within a given time but has failed to keep those engagements on account of the disturbed condition of affairs which is yearly constantly growing worse. This Government will probably succeed in establishing itself, but it will only be a brief time before another revolution will occur to drive the Government from power, the incentive being the revenue derived from some custom-house, or some dissatisfied jefe, who would think that the Government had not paid him enough for his support. This is certain to occur unless we intervene on the lines stated to you.

Then, again, we owe a duty to our own citizens. At the present time we have sent two cases to arbitration. In a few months a decision will be rendered, and in the present condition of the country there is no money even to commence a partial payment. There are claims, too, of the same character from other governments that antedate ours. It is therefore our duty, pardon me in stating it, to see that our citizens are paid, and at the same time retain the national dignity.

The claims, as you are aware, amount to $6,000,000 or more. To the Improvement Company, $4,500,000; the De Sala Estate amount pending not in arbitration, $500,000; in arbitration, $300,000, to Mr. Puente, nearly $800,000, and to Mr. Ros, a sum nearly equally as large.

If the matter is taken on the lines suggested, with a customs revenue of $3,000,000 or $4,000,000 and a budget of $1,500,000, under the wise management of our Government within fifteen years the national debt would be paid, and within that time we would have brought order to a disordered state and at the same time at not very much expense to our Government.

During this time we will have weaned to us this people and established our authority in this Republic and strengthened the national defenses of our country, which should be one of our first duties.

PRESENT CLAIMS.

Owing to the several revolutions there are many claims to be considered, for some of which the present Government must be held responsible; others, from preceeding Goverments; and others, again, that are purely from the pillage and destruction of property during the present strife. Many of these claims are for sums that are entirely out of proportion with the loss sustained. All such claims should be thoroughly examined before payment is made; what is just should be given to the claimant, and this can only be determined through an impartial commission.

The President has assured me that he is willing to lease the bays of Samana and Manzanilla to our Government for any length of time that our Government may name; that the amount to be paid should be retained to pay the creditors of the Republic. Also, he wants the United States to administer its customs.

W. F. Powell.

SIGNIFICANT FACTS.

In February, 1904, General Morales, Provisional President, sent General Sanchez, his Minister of Foreign Affairs, to Washington to make an offer to lease Samana Bay to the United States and to suggest that the Government of the United States assume some sort of a protectorate over the Dominican Republic. General Sanchez' overtures met with no encouragement.

In this connection the following cablegram from Mr. Powell, dated March 18, may be of considerable interest:

It is reported that the President of Haiti has sent commissioners to President Morales [to ask] him to break off all relations with the United States, threatening in case of refusal to give active assistance to Jiminez. The Haitian President desires Morales to meet him at Manzanilla Bay.

The commander of the *Hartford*, under date of March 15, 1904, wrote to the Navy Department as follows:

Arrived at Monte Christi Sunday and met Jiminez, who wants peace and suggests that the United States intervene to secure it. To establish about the same relations as Cuba has with us under the Platt amendment. Does not consider it necessary to land armed force, but a commissioner to convey our determination to secure fair election.

Rear-Admiral W. C. Wise, commander of the Atlantic Training Squadron, which has been in Dominican waters for several weeks, referring to the talk which he had with Jiminez at Monte Christi, says:

He assured me that he was heartily in favor of any action by which peace could be brought to his country. He said that the President of Haiti had recently offered to arbitrate, which he accepted, and that the same offer had been sent to Morales; that there were two factions bitterly hostile to each other, and the only solution to the matter was that our Government should intervene and secure a general election, appointing temporary governors of the Provinces. * * * I expressed to him the absolute necessity that our interests and all foreign interests must be protected.

Admiral Wise further says:

Unquestionably the time has arrived when our Government should take a very determined action in this matter.

In this connection I desire to state that I think the situation in the Dominican Republic can be kept well in hand and the status quo maintained, with due protection to American interests for the time being, if Commander Dillingham, of the *Detroit*, were put in charge of those waters with perhaps two smaller vessels to assist him. He has given great thought and attention to Dominican affairs, and his action at Puerto Plata and other points where he has had to deal with both factions under arms has been characterized by judgment, justice, firmness, and discretion. He seems to me to be just the man for the place. I think my opinion is concurred in by others who know him and who have had reason to observe his work in Dominican waters.

I annex a copy of a letter forwarded by Captain Dillingham, of the *Detroit*, the original of which was found at the Government House at Santo Domingo after Jiminez had escaped and the Morales forces took possession, January 20. It is signed by one of Jiminez' chief leaders:

[Translation.]

HEADQUARTERS OF THE CIVIL AND MILITARY GOVERNMENT,
Monte Christi, January 18, 1904.

DON JUAN I. JIMINEZ,
Supreme Chief of the Revolution, Santiago.

ESTEEMED DON JUAN: I have received your communication of the 14th instant, and have taken into consideration all the points treated therein.

I am fully informed of all that has happened in Puerto Plata, and we should not allow ourselves to be imposed upon, either by Americans or anybody else; the country should be allowed to perish first.

Send cannon to Puerto Plata and order the town to be cannonaded, and distribute your boldest and most desperate men along the highroads approaching the town. This is for us a matter of life or death, and we must continue the struggle with faith, and not lose hope.

Make your arrangements in such manner as will permit you to wait the arrival of ammunition, which will be very soon, and then we shall see how quickly matters will take another turn.

After having recaptured Puerto Plata, you should show no consideration to anyone, and as regards such foreigners as Charles Leinaz, in spite of the consuls, and the Americans, they should be banished from the country, and never be permitted to return.

Strengthen your position as much as possible in Santiago, and take sharp proceedings against anyone who places obstacles in your path. I will hold myself responsible for this part of the country. Put heart into your men, and stimulate them to fight with will and determination, for this goes a long way with them.

In no case should we allow the enemy to overcome us, as you well know what our fate would be among them. We should have absolutely no guaranty, as has been clearly stated to you in their communications to you personally, and it is much better for us to die fighting than to have to surrender.

Prepare your artillery so as to cannonade the enemy should they advance on you. Order the fort at Puerto Plata to cannonade the town, and see if you can send a man to interrupt the cable so that they can not communicate with Turks Islands.

Send a force over the Pale Quemade road, and, in combination with the fort, attack the enemy inside the town.

Instruct Andres (Navarre) to actively push the cannonading of Santo Domingo City, and tell him to hold firm, as matters to-day more than ever need a decided and resolute attitude, so that he must push the siege of the city and try to take it as quickly as possible. What is needed is to train cannon on all points of the town; this terrorizes the enemy and causes the consuls and private families to plead for surrender.

Do not lose hope, but make use of your brains. Order your people when the enemy approaches only to fire volleys at point-blank range. Tell them at Puerto Plata Fort to hold themselves firm.

Offer the troops which attack Puerto Plata the license to pillage, and you will see how gladly and contentedly they will follow you.

Do not lose faith for a single moment, and forward.

Always your friend,

(Signed) DESIDERIE ARIAS.

Attention is invited to the foregoing letter on account of its expressions concerning Americans, foreign consuls, and other foreigners.

ANOTHER LETTER.

A belated letter from Consular Agent Reed of the United States at San Pedro de Macoris throws a vivid light upon existing conditions in the Dominican Republic. Under date of February 21, 1904, Mr. Reed writes:

On Friday, February 19, about 5 p. m., the Dominican gunboat *Presidente*, with her tender, the coasting steamer *Estrella*, anchored off this port, apparently carrying a good many troops. At 9 p. m. the clerk of the city council called upon me with a letter addressed to the foreign consular officers resident at this place from the commander of the expedition on board the *Presidente*, Mr. Romaine—the Minister of the Interior of the Provisional Government—in which he acquainted us with the fact that he had demanded the surrender of this city from the insurgent general D. Rodriguez, and that in case of refusal by the latter to his demand he would give six hours' grace for the removal of noncombatants before he commenced bombarding the town. He requested our good offices with General Rodriguez in persuading him to grant his demand to avoid any unnecessary bloodshed, etc.

As it was an impossibility to remove all noncombatants during six hours of darkness, the consular officers of the different nationalities resident here agreed to demand an extension of time until Saturday noon of the 20th in order to get the people out of the town, since General Rodriguez refused to comply with the minister's request. I did not fail to point out to General Rodriguez that this was not a fortified town and that a bombardment at close range by the gunboat *Presidente* would cause a great deal of loss of life and property, especially to peaceful foreigners, who comprised two-thirds of the inhabitants of this place; but he was deaf to all argument and entreaty and the letter was sent to the commander of the expedition, who replied that all the extension he would grant was until Saturday, the 20th, at 8 a. m.

By 7.30 a. m. the bulk of the people had left the town for the country, and the *Presidente* and *Estrella* steamed into the harbor, where they anchored about 1,500 yards from the wharf, and at 8 a. m. precisely opened fire upon the town with big guns and rifles. Though the firing from big guns and small arms was very rapid—certainly more than five shots to the minute during three hours—the damage was small, since apparently all the shots from the big guns went high and over the town into the country; and when at 11 a. m. the *Estrella*, crowded with men and having two boats in tow also full of men, started for the custom-house wharf for an assault upon the town, the commander of the gunboat had failed to clear the place of landing and also to get a range for his guns to protect the landing of his troops, and the latter, when arriving off the end of the custom-house wharf, were confronted by the solid ranks of the insurgents, who not only prevented their landing, but slaughtered the crowded men in the boats like sheep in a pen, and, though the *Estrella* handled her bow gun very well and effectively, the nonsupport of the *Presidente's* guns made the attempt to land a failure. In less than ten minutes half of the assaulting force was killed, and the *Estrella* had to steam back rapidly to save the remainder, not a single soldier ever being able to make a landing.

Observing all this very closely with a strong marine glass from the veranda of my house, I could not help wondering at the stupidity of the man in command of the gunboat in not landing one shell in front of his men for their protection. The *Estrella*, on her return to the gunboat, first steamed out of the harbor to get rid of the dead, and on her return to the gunboat took the wounded on board and steamed to Santo Domingo City, the gunboat continuing the bombardment until sundown, when an armistice was arranged between the opposing forces for three hours, ostensibly to rest the men but in reality to enable General Rodriguez to receive and mount a heavy gun, for which he had sent the previous evening. Of course, it is hard to get at the exact figures of the loss on both sides, but at a moderate estimate the assaulting party must have lost between thirty and forty men and the insurgents from twenty-five to thirty; among the latter was the insurgent general Herrera, shot through the head.

The bombardment by the *Presidente*, an entirely useless one, lasted from 11 p. m., throughout the night, until 7 a. m. Sunday, the 21st, when, the commander of the gunboat—no doubt observing the insurgents busy at the mounting of a heavy gun—left his anchorage and steamed out to sea and the firing ceased. Without exaggeration, there certainly were fired during the twenty-one hours of the engagement over 10,000 shots of all arms, but the firing was terribly wild. My own house—though entirely out of the proper range of fire—was struck three times and so were a great many others on the point here, entirely out of the range of firing.

Of course, considering the great quantity of ammunition expended and the length of time the firing from both sides lasted, the damage is small and in the city falls mostly upon the poor people. From the country—where most of the shots from the big guns went—I have not as yet heard.

In conclusion, I beg to say that this civil war was begun in October, 1903, and this small city, not fortified, and of which the majority of the inhabitants are foreigners, has been taken and retaken three times already and bombarded twice since then, always with loss of life and to the great disadvantage and distress of American citizens, who hold property to the amount of from six to seven millions of dollars in a radius of 10 miles from this city, and I think it rather hard that these people are left at the mercy of an irresponsible insurgent general, who fights for a man that, as far as I can learn, has given up the fight and has run away.

I remain, etc.,

E. C. Reed,
United States Consular Agent.

It may be necessary to consider, in the future, the question of control of the custom-houses. This could be done under present conditions without the aid of the United States Army, but it would be necessary to keep a marine guard at each port of entry for several months.

It is important, however, at once to create an independent diplomatic post at Santo Domingo City and put it in charge of a discreet, experienced, capable man. Mr. Powell is needed in Haiti and he has, I think, been too long in the Dominican Republic—though I do not mean this observation to be a reflection upon his official or personal conduct.

FRANCIS B. LOOMIS.

EXHIBIT A.

[Inclosure to Dispatch No. 688.—Santo Domingo Series.]

Mr. Bass to Mr. Powell.

SAN PEDRO DE MACORIS,
Dominican Republic, December 12, 1903.

SIR: Permit me to present for your urgent and most serious consideration the ideas herein expressed.

This country is on the eve of a desperate and sanguinary struggle, and there is pressing danger not only to proprietary interests, but personal safety, for there is a large element in the files of the desperate party leaders.

I do not wish to be considered as an alarmist, but you will concede that my long residence, extensive investments, and close contact with all classes of the natives, as well as with the very limited foreign element here, afford me the means of acquiring a definite knowledge of the actual conditions of this country.

You, as United States minister, have just passed through what may have appeared to you as but a burlesque of war. It was merely the Government faction bottled up in the city and besieged at a distance for nearly a month and accompanied by almost no loss of life. The besiegers had but one purpose in view, viz, to overthrow the Government. They represented a temporary unity of discontented factions, who could readily agree upon one course of action, which was, that under the plea of saving the country it was necessary to first overthrow the Government and to then decide which faction was to usurp control of the custom-houses of the country. The first part of the programme has been carried out, but the second remains to be gone through.

The Government has been overthrown and a temporary so-called Government has come into control, and unfortunately this temporary Government is not composed of any faction strong enough to retain power against, not the faction just overturned (the late three months' Constitutional Government), but the remainder of the factions whose various leaders could not arrive upon the scene at an early enough date to prevent the man who headed the late outbreak from securing immediate control of the capital under the guise of the President of the Provisional Government, which is but the same group who constituted the Revolutionary Government prior to the downfall of the late Government under General Gil. The unseated leaders propose not to wait the result of any alleged popular elections, but to make the control of the Provisional President a very brief affair. In other words, the pressing danger is that they propose now to fight over who is to be the Provisional President, for those in office plan to have the United States recognize the Provisional Government, as it did during the regime of General Vasquez, and the others recognize that if the Provisional Government with its Provisional President is recognized by the United States the so-termed elections will be delayed and their prospects of gaining control made the more remote. Any diplomatic steps at this time tending toward the recognition of the Provisional Government by the United States tend to but inflame the waiting candidates and precipitate an uprising. The sugar industry is just starting the crop and will not be able to

operate if a fratricidal contest is started during the few coming months—say, three. The world has no idea of what the American interests in this country have been called upon to pass through in the last few years:

1. There was the long régime of the late President Heureaux;

2. The short term of Government of General Jiminez, who collected a Congress during his term of office, was overthrown, and is now a candidate for the Presidency, be it elected or provisional;

3. There was the short term of Gen. Horacio Vasquez, under whose name a powerful faction backs certain candidates for the control of the country;

4. There was the short term of Gen. A. Wos y Gil, whose administration has just been overthrown; and

5. There is now the actual Provisional President, who is a candidate for the elective, or otherwise, Presidency, and with a very powerful following.

There are in the field at least six candidates, who can form three couplets for President and Vice-President, and they form, or head, three distinct factions besides the faction just deposed. No two factional leaders can unite. It is a three-cornered and sanguinary affair that is expected.

(*a*) One faction is in control of the capital and this peaceful port of industry (Macoris). It is headed by the Provisional President, who has all the arms and ammunition at the capital and is supported by an extensive following, which the immediate, though recognized as temporary, patronage naturally prompts adherence to.

(*b*) There is the faction known as the followers of the Government which preceded the last one overthrown. It is known as the Horacitas, though Gen. Horacio Vasquez himself is a sick man and no longer capable of taking the field. This element is opposed to General Jiminez, whose Government is but lately overthrown, and at the same time not to be reconciled by any retention of power by the existing Provisional Government.

(*c*) There is the regular Jiminestas, or followers of General Jiminez. This is a powerful faction. It openly declares that if Jiminez does not secure the Presidency they will at once take the field. This faction boasts of being powerfully armed, located in the northwest portion of the country known as the Monte Christi district.

The leaders and lieutenants of the various factions are determined men, and their followers are well armed with modern weapons and ammunition so bountifully distributed by both the late Government and the leaders of the late uprising, and which arms were not collected prior to the disbandment of the various forces by the existing Provisional Government. As no one paid the troops, each man could not be refused permission to carry his rifle home, together with all the ammunition that he could carry home. These rifles are not antiquated weapons, but Remingtons, Mauser carbines, and Remington-Mausers (the latest arm introduced into these countries, which is a Remington carbine carrying a regular Mauser cartridge). The possessors of these weapons are ready to take the field at any moment and are flushed with the late triumph of having overthrown the Government. They are not interested in any other idea than that they have just demonstrated that they can overthrow the Government, and are ready and waiting to prove that they can repeat the act when called upon shortly. They at present are not concerning themselves about work, but resting after the late campaign and waiting to take the field afresh; they well know that there are several candidates for the Presidency, and that they will be shortly called upon to take the field. If you of the outside world ask for what compensation, I can truthfully state, An opportunity to acquire a higher military title than that which they have just acquired—for instance, one campaign of government overthrowing affords the grade of captain; two, of colonel; three, of commandant; and four, of general.

The last government-overthrowing contest confined its operations to:

(*a*) Besieging and firing upon the fort at Puerto Plata.

(*b*) Besieging and firing upon the fort at the inland city of Santiago.

(*c*) Besieging and firing upon the seaport and capital (Santo Domingo City).

(*d*) The bombardment of Macoris, after its abandonment by the Government man-of-war.

In each instance the Government gave up and the losses were light. Throughout the rest of the country there was no indication of any disturbance and everything remained in a most peaceful and orderly state, owing to the fact that they were merely engaged in overthrowing the Government and had not as yet entered upon the task of selecting a President; for in this country, as you know, the President and his friends constitute the Government.

In all seriousness, I desire to communicate to you that there is every reason to expect, not monthly or weekly, but daily, that from half a dozen scattered localities at once armed bands, each headed by its local chief, will arise, and each hurrahing for some faction and at the same time engaged in what they consider an easy task—the overthrowing of the Provisional Government—for these people are indifferent whether it is a Provisional or Constitutional Government which is to be overthrown. When two of these bands meet there is going to be trouble, and the trouble is not going to be confined to any one locality. Armed bands must forage; foraging prompts pillage; pillage, arson and murder to all in their path. In order to demonstrate that whoever may be the governor of this district he can not maintain order, fires are put to the cane fields of the various estates (five times last week on one estate near here); and as I write news is just at hand that the fields of an American agricultural company, on another estate, were fired, but fortunately little damage was done.

The financial condition of this country is, as you know, one of hopeless bankruptcy; therefore, whoever in the future succeeds in adding his name to the historical roll of the Presidents, provisional or constitutional, is not going to secure sufficient income to defray the ordinary expenses of maintaining law and order and of pacifying his followers, let alone to satisfy any public debts, and all unsatisfied followers will promptly join the great mass of those ready to be led to once more demonstrate that they can overthrow any government.

During the late movement to overthrow the Government, the foreign powers were indeed tardy in having men-of-war at hand to preserve order. It was not until you and the other diplomatic representatives had been bottled up for days in the capital that events, by no means controlled by any provision adopted in anticipation, permitted cabling for men-of-war. Was it not a chance visit of a French man-of-war to the port of Santo Domingo that made it possible to communicate with the rest of the world and brought first the German vessels from St. Thomas and lastly the American men-of-war?

I well understand that the Government of the United States can not at an hour's notice dispatch a man-of-war to this country, and that it takes several days for one to reach here once started; but this country is indeed a small one, and what the native can do in four days is just what should be prevented. The late Government, by its blockading decree, interfered with German and American shipping, and men-of-war were at hand later to escort the respective steamers of the two nations. In the coming conflict there is not going to be any question of blockade and there will consequently be no apparent necessity for protection, but the writer and many others entertain ideas quite to the contrary. There is grave danger at hand, although the actual trouble is yet but to be expected.

You know that the only means of cabling from the capital to the outside world is by a land telegraph that crosses the country and is at the mercy of any one man

throughout the trackless forests. When the next uprising takes place those in the interior will promptly cut the wires.

What is, in my humble opinion, and shared in by everyone with interests here with whom I have lately conversed, most necessary at once is that the United States, or some other power or combination of powers, maintain at least three men-of-war on the coast of this political volcano until the existing state of actual chaos has become straightened out. The mere presence of these men-of-war would suffice to prevent active fratricidal warfare; for, as stated, the prospective outbreak is not a revolution operating against an established Government, but is to be a factional contest as to which party of three or more, by force of arms, is to secure control. At present the leaders of the various factions are loud in the cry for harmony, union, and peace. Peace is, next to money, the one thing desired; for it is, in evidence to the natives themselves, almost the unattainable.

One man-of-war should be stationed at Puerto Plata. It could there command that important seaport, the neighboring inland city of Santiago, and the near-by port of Monte Christi.

One man-of-war should be stationed at the head of the Bay of Samana at the port of Sanchez. This is the outlet of the railroad that runs from the port up the valley westward toward the interior.

One man-of-war should be stationed at the capital city of Santo Domingo to look after Azua, the city, and the near-by port of Macoris. This latter port has over $5,000,000 worth of American capital invested in sugar estates within a distance of 10 miles of the port and has many American residents. These investments require order for their preservation and peace for their operating.

The writer is well aware that the United States has no intention of annexing this Republic; but you must be aware that the various factional leaders play upon the sentiments of their followers and maintain a lively anti-American sentiment, dangerous to both life and property in a moment of an uprising such as is expected daily. In this matter of agitating anti-American sentiments, European resident merchants are not exempt from lending their silent and constant influence, for the frequent changes of Government afford opportunities for exorbitant loans and discounting of custom charges.

There is no "Platt amendment" for Santo Domingo. There is nothing to prompt the natives to hesitate before following their most destructive and sanguinary promptings. You well know that the man-of-war of the late constitutionally established Government deliberately shelled this undefended seaport town of Macoris with but two and one-half hours' notice and unaccompanied by any attempt to land forces either before or after the bombardment; also, that if more damage was not done it was due solely to the faulty marksmanship of the gunboat. This in no wise lessens the outrage done to a civilized community, and it is understood by the natives that the representatives of foreign powers did and have not reproved the Government that did it, or its successor, the provisional one. On the contrary, it is known that the incident was lightly considered, as the damage was slight and no human lives were sacrificed.

The Americans here are prompted to believe that you are conversant to a great extent with what has been expressed in the foregoing, and they at present are largely concerned at the outlook.

Two questions confront them:

1. Are the advance agents of American trade and industry in this country deserving of timely personal and proprietary protection, or do they forfeit all claim to suitable protection when they invest their capital in a near-by, though foreign, country?

2. Are such Americans and their interests to be first sacrificed in order to warrant

the sending of men-of-war to these shores to advance claims againt a bankrupt country in the interest of the heirs of those sacrificed and the assigns of ruined enterprises?

The present moment is no time to diplomatically consider whether the Provisional Government is going to acknowledge any pecuniary claims and devise means for their settlement. Neither is it any time to entertain ideas relative to the acquisition of the Bay of Samana by the Government of the United States in order to anticipate any European designs. The immediate restoration and maintenance of order is the paramount consideration; for all attempts to collect daily increasing foreign claims are abortive if industry and commerce are not to be allowed to proceed and the custom-houses (the only source of public income as well as promptings of political strife) are not permitted to produce revenue.

Now is the moment to locate at least three men-of-war on the coast and announce to the contending factions that, although there is no Platt amendment, upon the first promiscuous use of firearms order will be maintained by foreign force until the natives will have decided as to which candidate is to be the President and which faction is to be in control of the Government, and that meanwhile modern industries must be allowed to continue to operate and life and property respected.

Many of the leading natives who can afford it are preparing to leave the country, while others not so circumstanced confess that the country has reached that stage where "the country is ungovernable."

Upon you, Mr. Minister, rests an enormous responsibility at this time. As the diplomatic representative of the United States, many of whose citizens have large invested capital here, their families and American employees, you are looked to to take the necessary precautions to avoid an unnecessary amount of bloodshed among the natives and perhaps foreign element.

The present is respectfully submitted to you in all seriousness and respect. If in any expression you may interpret an element of lack of respect or offense, such has not been my intention and I beg that you will overlook same.

A very grave danger threatens my large interests in this country. If the outbreak takes place the sugar estates can not make their crops. If the crops are not made there will be many ruined Americans, for no sugar estate can be again made operative with a claim against this Government as its working capital.

Once the outbreak takes place, the arrival of men-of-war will do us no good; we will have been ruined in the land of Mañana by foreign delay.

I remain, etc.,

WM. L. BASS.

To the Honorable WM. F. POWELL,
United States Minister, Santo Domingo City.

EXHIBIT B.

[Translation.]

EMBASSY OF THE FRENCH REPUBLIC IN THE UNITED STATES,
Washington, June 8, 1903.

Mr. SECRETARY OF STATE: My Government having received communication of the arrangement signed on the 31st of January last at Santo Domingo between the Government of the United States and that of the Dominican Republic, for the purpose of submitting to arbitration certain questions relative to the payment, by the

latter country, of a sum in settlement of the claim of the San Domingo Improvement Company, of New York, has had to consider the consequences which might result from the said arrangement in relation to the preexistent rights of French holders of Dominican securities.

They, together with the Belgian holders, have in fact concluded with the Dominican Republic a convention, under date of June 3, 1901, by virtue of which customs dues collected at the ports of Santo Domingo and Macoris are expressly set apart in guaranty of the payment of the Dominican foreign debt.

The Dominican Government has thus alienated in favor of the French bondholders that part of its revenues, and hence the said part can not be diverted from its original destination in favor of other creditors. In order to dispel any misapprehension on this point and to prevent all difficulties, I have received instructions to remind the Federal Government of the existence of a convention, signed two years ago, which sanctions the rights held by the French holders of Dominican securities on the customs receipts of the ports of Santo Domingo and Macoris.

I have to add, for all practical purposes, that, apart from the amount due to the French holders of the Dominican securities, there are other indemnity claims, notably those presented by the Compagnie Française des Cables Telégraphiques, for losses it sustained on account of revolutionary events, especially those of 1899–1902, which are such, both for their origin and old standing, as to call for an early settlement. The interested parties have taken steps to that end with the Government of the Dominican Republic.

Be pleased to accept, etc.,

JUSSERAND.

EXHIBIT C.

NATIONAL ASSOCIATION
OF THE FRENCH HOLDERS OF FOREIGN SECURITIES,
5 RUE GAILLON.

DEFENSE COMMITTEE
OF THE HOLDERS OF DOMINICAN BONDS.

PARIS, *February 12, 1903.*

The coupon maturing in April, 1902, of the stamped exterior Dominican debt is about being paid by the Credit Lyonnais, at the rate of 3.85 francs per bond of £20, according to the announcement hereinafter made.

We think it will be useful to give the bondholders some explanations as to the delay in this payment and as to the facts that have occurred since the approval by the Dominican Congress of the arrangement concluded at Paris and at Antwerp, in the month of June, 1901, between the delegate of the Dominican Government and the representatives of the bondholders.

When that arrangement became executory, the National Association undertook the appointment of the French agent at Santo Domingo. The importance of the choice to be made was all the greater because there was a financial "contrôle" to be organized upon quite new bases.

At our request the Minister of Foreign Affairs was willing to authorize an official of his Department, M. Maurice Charpentier, to accept the post of delegate for the French holders, and M. Charpentier, having successively exercised the functions of chancellor and vice-consul at Santo Domingo, he was well qualified to inspire confidence. He went to his post in Santo Domingo in the month of April last.

At that time no remittance had yet been made by the Dominican Government to the general Belgian agent, who had been acting since the month of November.

The revolution which overthrew President Jiminez in the month of May, carrying into power General Vasquez, was either a reason or a pretext for the Government of Santo Domingo to delay the execution of its engagements, and it was only at the beginning of July, 1902, that the first receipts from the agents of the bondholders were deposited in the banks of Europe.

The remittances of the Government were made after that with extreme slowness, either because of the political events of which the Dominican Republic has been the theater and which had an immediate effect upon the financial situation, or because of the incessant difficulties which have surrounded the agents in the execution of their task.

We ought particularly to refer to one important incident the arrangement of which is still in suspense.

On the 21st of last June the Minister of Finances promulgated a decree by the terms of which he granted to the interior debt an "apartado," or privileged guaranty of 5 per cent, to be collected upon the amount of the customs at the capital. This measure constituted a formal violation of the arrangement of 1901, which granted to the holders of the exterior debt the whole of the customs produced by the port of Santo Domingo City, with the sole reservation of the "apartados" created before the arrangement was made (art. 2). The National Association, by agreement with the Antwerp committee, immediately addressed a joint protest to the Dominican Government against this violation of your rights.

The Dominican Government then proposed to us that it should be submitted to arbitration, which we refused, believing that such a flagrant infringement of the clauses of our contract could not give rise to any question of interpretation upon which an arbitration could be held.

The minister had to yield to the evidence and promised to withdraw his decree. In case it shall not be done promptly, in accordance with that promise—of which we still await the fulfillment—the National Association will not fail to renew its claim by asking for diplomatic intervention.

The aggregate of the remittances received by the agents of the bondholders from the 1st of October, 1901, to November 30, 1902, amounted to $125,056, while under the terms of the arrangement the remittances should have reached a minimum of $350,000 (1,800,000 francs) during that period of fourteen months.

On the 30th of November last there was in the banks in Europe, to the credit of the account for the coupon of April, 1902, a sum of $113,392, having produced 573,870 francs. There was therefore lacking at that time more than 150,000 francs before the payment could be begun, and new delays were foreseen. The Dominican Government having then proposed to the committees to turn over to the credit of the coupon of April, 1902, the sums deposited in Europe for the purchase (redemption) of the back coupons, * * * say, about 110,000 francs, * * * the committees thought, in view of the ever-increasing delay in the payment of the remittances, that it was to the interest of the bondholders to accept that proposition in order to hasten the distribution of the coupon; but it was formally stipulated that the funds for the taking up of the back coupons should be again made up out of the first receipts that came in after this coupon payment.

We have estimated that the minimum amount of the semiannual remittances being, according to the terms of the arrangement, $145,000—the agency expenses at Santo Domingo being in default for a half year—we can take as a basis for the distribution a sum of 725,000 francs, corresponding to $145,000 at the rate of 5 francs.

As soon as the deposits in the European banks charged with the service of the debt reached this figure, the committees arranged with the financial agent of the Dominican Government in Europe and with these banks to proceed with the payment of the coupon, the amount of which, after deducting the expenses of the operation, have been fixed thus at 3.85 francs.

The latest news which we have received does not permit us to count upon the regularity of the payments by the Dominican Government; the agents will therefore have to redouble their efforts to secure the execution of the arrangement of 1901.

The bondholders may be assured that the National Association will defend their rights and will sustain their representatives in the accomplishment of their task with every means at its disposal.

Accept the assurance of our distinguished consideration.

(For the Association) TONY CHAUVIN,
Director.

FINANCIAL AGENCY OF THE DOMINICAN REPUBLIC IN EUROPE.

(*Service of the Exterior Unified Debt—Stamped 1901.*)

The coupon No. 16, of the bonds of the old Dominican loan, 2¾ (4 per cent deferred), and the coupon No. 17, of the old Dominican loan, French-American reclamation consuls, will be payable from the 9th of February, 1903, at the rate of 3.85 francs for the bonds of £20 and 19.25 francs for the bonds of £100. * * *

At the Credit Lyonnais, Boulevard des Italiens, Paris.

At the Credit Lyonnais, 40 Lombard Street, London, E. C.

At the Banque d'Anvers, Antwerp.

At the Banque de Paris, et de Pays Bas, Brussels and Amsterdam.

LUCAS T. GIBBS,
Fiscal Agent of the Dominican Government in Europe.

APR 5 1948